

Message Text

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ACTION SS-15

INFO OCT-01 EUR-12 ISO-00 AID-05 PA-02 PRS-01 SAM-01 SAJ-01

SSO-00 NSCE-00 USIE-00 INRE-00 ERDA-07 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 OES-05

SP-02 STR-04 TRSE-00 FRB-01 /093 W

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 5972

INFO USMISSION EC BRUSSELS

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UNCLAS THE HAGUE 2628

E.O. 11652: N/A

TAGS: ENRG, NL

SUBJ: SECRETARY'S SPEECH ON RAW MATERIALS

REF: STATE 110686

AT OPENING MAY 23 IN THE HAGUE OF SYMPOSIUM ON NEW
INTERNATIONAL ECONOMIC ORDER, DUTCH PRIME MINISTER DEN UYL
DELIVERED EXTENSIVE REMARKS COMMENTING ON SECRETARY'S
KANSAS CITY SPEECH ON RAW MATERIALS. WE ARE SENDING MAIN
BODY OF TEXT BELOW BECAUSE OF SIGNIFICANT LIGHT DEN UYL'S
SPEECH CASTS ON HOW GON MAY HANDLE RAW MATERIALS ISSUE IN IEA
AND OECD MINISTERIAL MEETINGS NEXT WEEK:

QUOTE-TEN DAYS AGO THE SECRETARY OF STATE OF THE UNITED
STATES, DR. KISSINGER, HAS DELIVERED IN KANSAS CITY AN
ADDRESS ON PROBLEMS OF THE WORLD ECONOMIC STRUCTURE. THAT
ADDRESS WAS OF MAJOR IMPORTANCE AS IT CONTAINED A COMPRE-
HENSIVE APPROACH TO THE MAJOR ECONOMIC ISSUES OF TODAY.

THE KEYNOTE OF MR. KISSINGERS' SPEECH WAS THE PHRASE:
UNCLASSIFIED

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"THE PRESENT ECONOMIC SYSTEM HAS SERVED THE WORLD WELL."

MR. KISSINGER ARGUED THAT ECONOMIC GROWTH OVER THE PAST
QUARTER CENTRY AHS BEEN CONTINUOUS AND OF UNPRECEDENTED

SPEED.

ON THIS FACT HE BASED HIS JUDGMENT ON TODAY'S ECONOMIC SYSTEM.

HE EXPLAINED THAT IN HIS VIEW THE PRESENT INTERNATIONAL ORDER HAS BEEN BUILT ON FOUR CENTRAL ELEMENTS:

- 1-OPEN AND EXPANDING TRADE
- 2-FREE MOVEMENT OF INVESTMENT CAPITAL AND TECHNOLOGY
- 3-READILY AVAILABLE SUPPLIES OF RAW MATERIALS
- 4-INSTRUCTIONS AND PRACTICES OF INTERNATIONAL COOPERATION

FOR SO FAR MR. KISSINGER. IT IS A RESPECTABLE VISION. BUT IS IT TRUE?

IN MY VIEW THERE IS REASON FOR A FEW QUESTION MARKS WITH REGARD TO THE PHRASE: "THE PRESENT SYSTEM HAS SERVED THE WORLD WELL."

INDEED, AND ONE CANNOT BUT AGREE THAT THE GROWTH OF THE GROSS WORLD PRODUCT OVER THE LAST THREE DECADES HAS BEEN ENORMOUS.

BUT AT THE SAME TIME WE HAVE WITNESSED FAILURES AS A RESULT OF TODAY'S SYSTEM.

IN THIS RESPECT I MENTION THE UNEVEN DISTRIBUTION OF INCOME BETWEEN STATES AND WITHIN COUNTRIES; THE PAPER OF MR. ADLER-KARLSSON HAS INTERESTING STATISTICS ON THIS SUBJECT.

BESIDES THAT THERE ARE MANY REASONS TO FEAR THAT THE PRESENT SYSTEM HAS RESULTED IN INCREASING DESTRUCTION OF OUR ENVIRONMENT AND IN THREATENING SCARCITY OF RESOURCES, CAUSED BY UNLIMITED EXPLOITATION.

IF WE DON'T CONSIDER THE UNEVEN DISTRIBUTION OF INCOME AS A FUNDAMENTAL FAILURE OF THE PRESENT SYSTEM THE ANSWER TO TODAY'S ECONOMIC PROBLEMS AND TO THE DEMAND OF THE THIRD WORLD FOR A NEW ECONOMIC ORDER WILL ONLY BE A CONTINUATION OF THE PRESENT SYSTEM WITH MARGINAL CORRECTIONS. I AM AFRAID THAT SUCH A CONTINUATION WILL IMPLY ALSO UNCLASSIFIED

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A CONTINUATION OF THE FAILURES I JUST MENTIONED AND CONSEQUENTLY WILL BE NO ANSWER FOR THE PROBLEMS WE FACE TODAY.

MY SECOND QUESTION MARKS REGARDS THE CENTRAL ELEMENTS OF OUR PRESENT ECONOMIC SYSTEM.

LET ME ILLUSTRATE IT WITH SOME EXAMPLES AND LET ME SHOW BY THESE EXAMPLES THAT OUR SYSTEM IS NOT ONE OF PURE FREE ENTERPRISE AND FREE MARKETS BUT THAT IT IS GUIDED AND MANIPULATED IN MANY RESPECTS.

AGAINST THE PRINCIPLE OF OPEN AND EXPANDING TRADE WE WITNESS A TARIFF SYSTEM WITH LOW TARIFFS FOR RAW MATERIALS AND HIGH TARIFFS FOR INDUSTRIAL PRODUCTS, BLOCKING THE INDUSTRIALIZATION OF THE POOR COUNTRIES.

AGAINST FREE MOVEMENT OF CAPITAL WE KNOW AT THE SAME

TIME THAT CAPITAL CREATION AND CREDIT SYSTEMS ARE DOMINATED BY THE UNITED STATES AND EUROPE, TODAY JOINED BY SOME OIL-PRODUCING COUNTRIES.

AGAINST FREE MOVEMENT OF TECHNOLOGY THERE IS A SYSTEM OF REGULATIONS FOR OWNERSHIP OF PATENTS, IN FACT RESTRICTING THE USE OF THESE PATENTS TO RICH COUNTRIES.

AGAINST THE NOTION OF READILY AVAILABLE RAW MATERIALS WE WITNESS THREATENING SCARCITY.

THIS ILLUSTRATES THAT THE INTERNATIONAL ECONOMIC SYSTEM IS NOT AS FREE AS IS OFTEN SAID AND THAT OUR CHOICE IS NOT ONE BETWEEN A FREE SYSTEM BASED ON FREE ENTERPRISE AND A COMPLETELY CENTRALLY PLANNED ECONOMY.

OUR REAL CHOICE IS WHETHER WE STICK TO OUR PRESENT SYSTEM WHICH IS LARGELY GUIDED AND MANIPULATED FOR THE BENEFIT OF THE RICH COUNTRIES AND A SYSTEM DIRECTED TOWARDS SOLVING THE PROBLEMS OF DIVISION OF INCOME AND PROPERTY, OF SCARCITY OF NATURAL RESOURCES AND OF SPOILING OF ENVIRONMENT.

FOR THAT REASON, LADIES AND GENTLEMEN, THE DEMAND FOR A NEW INTERNATIONAL ECONOMIC ORDER IS RELEVANT AND TIMELY.

AND IT IS FOR THAT REASON THAT I WISH YOU WISDOM AND FRUITFUL DELIVERATIONS. END QUOTE.
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